# Which ownership model is the best?

**Alpesh Shah**
*Managing Director &*
*Sr.Partner*
Boston Consulting
Group (India) Pvt.Ltd.,The

**Mirror, Mirror on the Wall – Who's the Fairest of Them All?**
Most of us remember the evil queen's iconic question from *Snow White*: "Magic mirror on the wall, who's the fairest one of all?" It's a question that transcends fairy tales - echoed in classrooms, debated on sports fields, and whispered in boardrooms. At its core lies a timeless human instinct: the pursuit of a single, definitive winner. Is there one kind of leader, athlete, student—or company—truly built to succeed? The age-old nature-versus-nurture debate resurfaces once again, this time dressed in balance sheets and corporate DNA. So, what really drives long-term business success? Is it the deep roots of a promoter-led legacy, the discipline of institutional governance, the hustle of startups, the might of state-backed enterprises, or the polish of global multinationals? In today's corporate landscape, we're left asking a modern version of that mirror's question: **Which ownership model is truly the best?**

The reality? There's no single model that rules them all. What we've found instead is this: every ownership type has its strengths but none is universally superior. That was the central insight from BCG's analysis of over 200 of India's most valuable companies—the Nifty200. We categorized them into five archetypes: Public Sector Undertakings (PSUs), family-controlled firms, startups, institutional corporates, and multinational corporations (MNCs). We then assessed them across a spectrum of metrics—not just financial indicators like TSR, ROE, profit margins, and revenue growth, but also softer dimensions such as CEO turnover and stakeholder sentiment. The findings were striking: **context is everything**. No model outperformed across the board. Success wasn't defined by ownership type alone, but by how well each model aligned with its industry environment. The takeaway? Instead of asking which model is best, leaders must ask: **Best for what? And under what conditions?**

***Performance metrics across ownership categories***

| Category | Strength (#) | Revenue growth (%) | Annualized 3 year TSR (%) | RoE (%) 3 year avg |
|---|---|---|---|---|
| **Family controlled** | 100 | 16(med), 28(Q1) | 20(med), 30(Q1) | 14(med), 19(Q1) |
| **PSUs** | 46 | 14, 25 | 39, 64 | 14, 20 |
| **Institutional corporates** | 39 | 20, 28 | 11, 24 | 13, 24 |
| **Startups** | 21 | 41, 68 | 0, 0 | -2, 2 |
| **MNCs** | 10 | 14, 19 | 23, 35 | 19, 24 |

As the data shows, performance across the five ownership models is surprisingly tight on key metrics like growth, TSR, and ROE, barring a few outliers. Startups deliver standout growth but struggle on returns, while MNCs offer more stable value creation with modest topline expansion and PSUs have had a remarkable TSR performance over the past three years.

Each model plays to its strengths:

- **Family businesses** thrive in trust-driven sectors like real estate, healthcare, and mining, where legacy, long term orientation, continuity, and deep local ties offer competitive advantage.
- **PSUs** dominate capital-intensive, policy-aligned sectors - energy, utilities, and banking - where scale, compliance, execution certainty, and mission alignment matter more than speed.
- **Institutional corporates** lead in execution-heavy industries like IT and communications, where governance discipline, execution rigor and operational scalability are critical.
- **Startups** cluster in fast-moving, innovation-driven sectors such as consumer tech and fintech, but are nearly absent in regulated, infrastructure-heavy domains, where compliance burdens and infrastructure requirements create significant entry barriers.
- **MNCs** excel in premium, brand-led categories like consumer goods, yet find limited traction in sectors requiring high policy sensitivity or local agility.

Understanding the strengths and natural fit of each ownership model is only half the story. As the world and all the industries evolve, stakeholder expectations shift, and new challenges emerge, from digital transformation and ESG pressures to geopolitical risks and talent dynamics, the question becomes: How must each model adapt to stay relevant and competitive? The future won't reward legacy alone, it will reward evolution. It is my belief that in India Inc., horses (read corporates) don't just need the right course. They need to be retrained for the next one and they need to be ready to run faster, farther, and be prepared for the world of tomorrow.

**The Future Agenda: What's Next for Each Ownership Model?**

**PSUs: From Reforms to Reinvention**

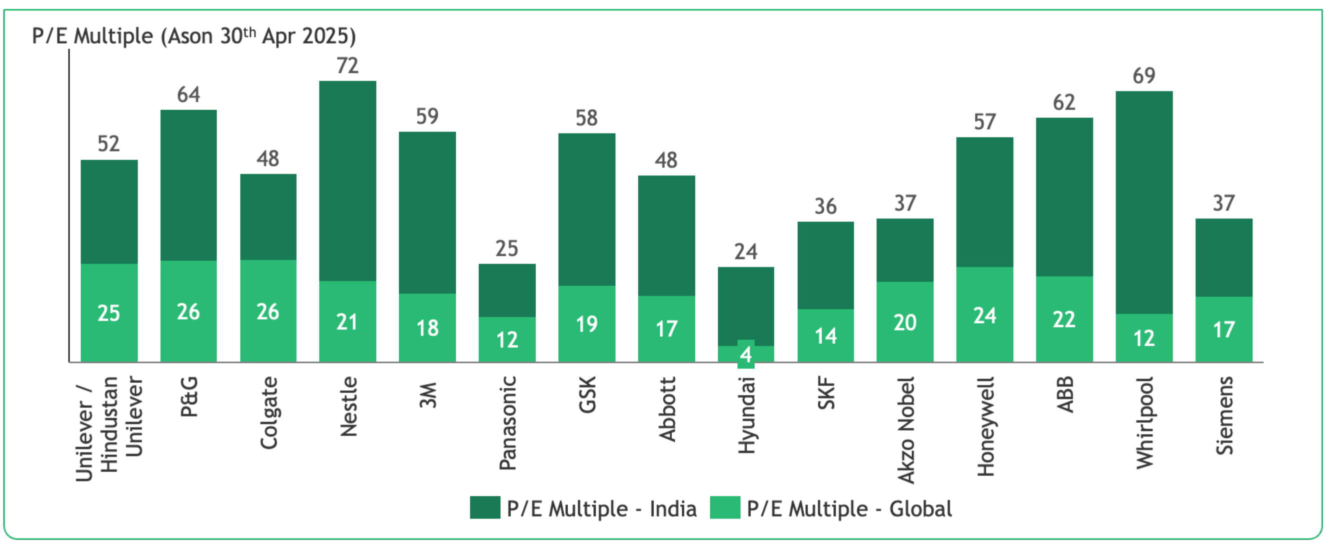
Few segments have witnessed as remarkable a transformation as India's Public Sector Undertakings (PSUs). Since 2020, the Nifty PSE Index has compounded at an impressive 33% CAGR, with top-quartile performers clocking 64% TSR and 20% ROE. Behind this resurgence lies a wave of structural reforms: NTPC and Coal India have improved capital productivity and deleveraged balance sheets; SBI has set digital benchmarks with platforms like YONO; and Power Grid and Bharat Electronics have proven how strategic focus and operational discipline can deliver outsized value.

Looking ahead, PSUs are uniquely positioned to drive India's next frontier of nation-building, whether it's the green energy transition, self-reliance in defence and manufacturing, or deepening financial inclusion. But to move from reforms to reinvention, they must modernize further: invest in leadership development, innovation capacity, and governance systems that allow speed, autonomy, and risk-taking. The next phase of PSU evolution won't be policy-pushed, it will need to be performance-led.

**Global MNCs: From Premium Play to Reinvention of Growth for Local Relevance**

Global MNCs in India have long been hallmarks of brand strength, margin resilience, and capital discipline. They consistently deliver high TSR and ROE, and notably, the Indian arms of MNCs often enjoy higher P/E multiples than their global parents. For instance, Unilever India trades at 52x, versus 25x globally and Nestlé India commands 72x, compared to 21x for Nestlé Global, underscoring investor confidence in India-specific performance.

***Indian MNC P/E vs global P/E multiples***




Note: Whirlpool Multiple as on 31st January 2025. Panasonic India entity is Panasonic Energy (Not listed in appliances)
Source: S&P Capital IQ

Yet, growth remains a weak spot. MNCs in India are growing slower than other ownership types, and expectations are shifting. To thrive, they must deepen localization agendas—go beyond global playbooks to create India-first strategies. That means, including, but not limited to – unlocking white spaces in underpenetrated categories, experimenting with alternative distribution and digital models, and tapping emerging consumer aspirations in smaller towns and new segments.

Green shoots are already visible: HUL's acquisition of Minimalist, Nestlé's foray into nutrition-forward snacking, and Colgate's pivot into naturals are examples of this intent. Meanwhile, digital-first brands like MamaEarth, Nua, and Slurrp Farm are redefining the rules of engagement. The challenge for MNCs? Move faster - global polish must now match local pace.

**Family Businesses: From Legacy to Scalable Discipline**

Family-led businesses remain the bedrock of India's economy. Their dominance in sectors like real estate (100%), healthcare (>90%), and metals/mining (~75%) highlights their staying power. What sets them apart? Deep-rooted trust networks, continuity of vision, and long-term capital commitment.

However, global ambition demands a shift from intuitive to institutional. Firms like Marico and Godrej Consumer are already demonstrating how promoter vision can coexist with professional governance. The Torrent Group's expansion across energy, pharma, and gas reflects disciplined diversification over generations.

To scale globally, family businesses must now institutionalize capital allocation, build diverse and independent boards, and develop globally capable leadership while retaining their entrepreneurial edge. This is not a choice between tradition and transformation, it's about building bridges between them.

**Startups: From Speed to Sustainability**

No segment has reshaped India's business landscape as dramatically as startups. With median revenue growth of 40%+, they've redefined how Indians consume, transact, and think about innovation. And they're increasingly global: 40% of seed-funded startups are now targeting international markets from day one. They are a clear example of India building for the world. Companies like Postman, Zoho, and BrowserStack are showcasing India's product-first global DNA.

Companies like Zerodha, which has scaled without external funding, and Razorpay, which has grown with a strong focus on compliance and cost control, prove that disciplined scaling is not only possible, but it can also be a competitive advantage. Startups like Delhivery and Freshworks show that with the right balance of product-market fit, tech excellence, and governance, Indian companies can compete on the global stage.

The next frontier is clear: velocity must translate into value. Breakout growth must evolve into sustainable models with capital efficiency and governance at the core, signaling a shift from blitzscaling to balance. The future agenda for startups is to: strengthen board oversight and governance, embrace capital discipline, and anchor business models in unit economics and long-term viability. In short: From unicorns to enduring global champions of tomorrow.

**Institutional Corporates: From Consistency to Thought Leadership**

India's institutional corporates - Infosys, HDFC Bank, Asian Paints, among others- are exemplars of consistent TSR, strong RoE, industry leading governance, and trusted brands. They represent India's professionalized management ethos at its finest.

Their challenge is to move from consistency to category leadership and embrace thought leadership and global category creation in a rapidly changing world. Infosys is already investing in AI and digital platforms, and HDFC Bank's scale and fintech partnerships put it in a strong position to lead in digital finance. Asian Paints has not only expanded geographically but has built one of the most effective supply chains in emerging markets.

These firms are already exporting digital services, pharma, and precision engineering. With the right investments in R&D, IP creation, and adjacent innovation, they have the potential to become global benchmarks not just on scale, but also in influence. The next opportunity is to push a bolder innovation agenda, rooted in India's strengths but aimed at global influence. Whether through new business models, ecosystem plays, or product adjacencies, institutional corporates have the foundations and now need the ambition to lead the next wave of corporate India's transformation.

**India Has the Potential and Opportunity to Reshape the Global Corporate Landscape**

This transformation of Indian corporates will not occur in isolation; it will have to be a part of a larger realignment of the global corporate order. For decades in the 20th century, global business was dominated by the West – US & European companies contributed to a majority of the Fortune Global 500 companies. The 80s and 90s saw the rise of Japan, while the 2000s and 2010s marked China's explosive ascent. Now, as we look toward the 2030s and beyond, the momentum is shifting again - this time, toward India.

The numbers speak for themselves. In 2003, China had fewer than 50 companies on the Forbes Global 2000 list; by 2023, it had over 350. In contrast, India only recently crossed the 50-company threshold, but the trajectory is unmistakable. This is no longer about catching up. It's about breaking out. India's Inc. is firing across ownership types: PSUs are modernizing and competing, startups are building for the world, family firms are institutionalizing, MNCs are deepening localization, and institutional corporates are exporting excellence. Combined with a demographic dividend, digital infrastructure, capital market maturity, and a vibrant entrepreneurial ecosystem, India is poised to define a new playbook for global business.

But unlocking this potential requires each ownership model to evolve. MNCs must reinvent for relevance. Family businesses must scale with discipline. Startups must pivot from speed to sustainability. PSUs must shift from policy to performance. Institutional firms must lead in innovation and thought leadership. If that happens – if each ownership model steps into its next stage by 2047, then, as India turns 100, India won't just be participating in the global corporate landscape, it will be reshaping it. Because, the next era of global business dominance may not be about East or West. It might just be built in India.